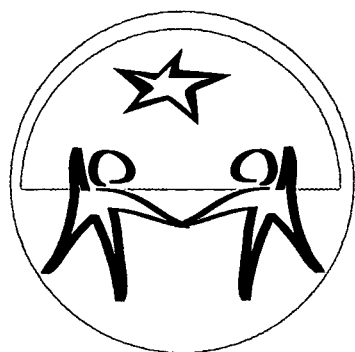


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# Guide for Task Teams on Procurement Procedures Used in Social Funds

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February 2001



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## **ABSTRACT**

Since the creation of the first Social fund 14 years ago in Bolivia, these funds have been developed in more than 40 countries around the world. Over time they have diversified as well to serve as a very useful instrument for human development. The recommendations in this study are based on an analysis of a sample of procurement audits/ex-post reviews of social funds worldwide. The study provides recommendations for improving the procurement process based on these analyses. In addition, the document provides a description of World Bank instruments in the procurement area. These descriptions can serve as a guide to Task Team Leaders throughout the procurement process. Finally, conclusions and recommendations are given to help improve the administration of procurement for Social funds.

## **ACKNOWLEDGMENTS**

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## ABBREVIATIONS AND ACRONYMS

Bank	The World Bank
CA	Credit Agreement
CD	Country Director
CDF	Comprehensive Development Framework
CL	Country Lawyer
CPAR	Country Procurement Assessment Report
CPP	Community Participation in Procurement
DCA	Development Credit Agreement.
ECA	Europe and Central Asia
EDs	Executive Director
GC	General Counsel
HDN	Human Development Network
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IDA	International Development Agency
LA	Loan Agreement
LEGOP	Legal Operation Front Office
MDO	Managing Directors Operations
NCB	National Competitive Bidding
NGO	Non Governmental Organization
OCSVP	Operational Core Services Vice Presidency
OCSPR	Procurement Policy and Services Group
OM	Operational Manual
OPR	Operational Procurement Report
OPRC	Operations Procurement Review Committee
PA	Project Agreement
PAD	Project Appraisal Document
PAS	Procurement Accredited Staff
PB	Procurement Board
PCA	Procurement Capacity Assessment
PCD	Procurement Concept Document
PP	Procurement Plan
PRMPS	Public Sector Management Division
PS	Procurement Specialist
RPA	Regional Procurement Advisor
RVP	Regional Vice President
SAR	Staff Appraisal Report
SF	Social Funds
SM	Sector Manager
TOR	Terms of Reference
TTL	Task Team Leader
TT	Task Team



## **I. EXECUTIVE SUMMARY**

The principal objective of this study is to develop a document for Task Team Leaders to allow them to learn from the procurement experiences of other social funds around the globe. It should also serve as a guide to the various instruments available to the team to plan and manage the procurement process during the social fund project cycle.

Adequate emphasis on procurement during project preparation is crucial for ensuring a high quality project. The Bank uses several instruments to achieve this goal: Project Concept Document, Procurement Plan, Procurement Capacity Assessment, Procurement Annex of the Project Appraisal Document, Operational Manual (including the Procurement Section), Negotiation, and the Procurement Annex of the Loan or Credit Agreements.

During project implementation, the Task Team has a fiduciary responsibility which in the area of procurement includes monitoring the executing agency of the social fund to ensure that the procurement, contracting and implementation procedures are carried out according to the stipulations in the Loan Agreement or Credit Agreement. The Task Team Leader is given three principal instruments to assist in this monitoring process: the prior review (No Objection), the ex-post review and procurement audits.

All of these previously named instruments and their uses are described in this document and provide a useful guide for Task Team Leader in the procurement cycle.

The study also describes the procurement methods most used by social funds and analyzes in detail two methods: Procurement of Small Works and Community Participation in Procurement. Pertinent recommendations to improve the terms of reference of procurement audits are presented along with a terms of reference for ex-post reviews.

Finally conclusions and recommendations in the area of procurement practices and procedures used in social funds are provided. These are based on a review of procurement audits and ex-post reviews, Loan or Credit Agreements, Staff Appraisal Reports or Project Appraisal Documents and supervision mission reports from various Social funds<sup>1</sup>.

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<sup>1</sup> Detailed in Annex D.



## **II. INTRODUCTION**

### **1. Background**

The Social Funds Unit of the Social Protection Department, Human Development Network (HDN), as part of its work program, decided to fund this study in response to requests from various Task Team Leaders (TTL) of social funds and members of the Thematic Group. The goal is to provide a detailed analysis of the lessons to be learned from social funds in the procurement area.

The first social fund was created in Bolivia (1987) in response to the economic crisis at that time. Its principal goal was job creation through the construction of civil works, especially in the social sector. Since then, social funds have developed significantly and currently undertake a variety of social projects which provide significant support to human development in various countries.

As part of their fiduciary responsibility, Bank personnel must ensure that procurement is carried out according to the stipulations in the Loan Agreement (LA) or Credit Agreement (CA). The primary instruments available to achieve this task are prior reviews (No Objections), procurement ex-post reviews and procurement audits.

The results of the procurement audits and procurement ex-post reviews are useful in determining how a particular social fund is meeting these requirements, and with this feedback the procurement of that social fund can be improved. However, up to now transversal studies have not been carried out to allow social funds and their TTLs to learn from similar experiences.

In this study we will analyze the procurement audits and procurement ex-post reviews carried out by different social funds. For purposes of the study we define a procurement audit as a review designed to determine whether procurement, contracting and implementation were consistent with procedures established in the Loan or Credit Agreements. The procurement ex-post review has the same objective, although with reduced scope.

### **2. Objectives**

The primary objective of this study is to provide an analysis of the procurement process and recommendations for its improvement based on a review of procurement audits

and ex-post reviews of social funds worldwide. The aim of this analysis is to facilitate information sharing among TTLs so that they can learn from procurement experiences of other social funds.

The secondary objective of this study is to provide a detailed description of the instruments available to TTLs to manage the procurement process in a social fund. The instruments and the stages of the project cycle during which they are used are described to allow the TTL to decide when a specific instrument is needed and when to request the assistance of a Procurement Specialist (PS) or Procurement Accredited Staff (PAS)<sup>2</sup>.

In addition, the study describes the procurement methods used by social funds and presents an analysis of two methods: Procurement of Small Works and Community Participation in Procurement.

### **3. Scope**

This study draws from audits, ex-post reviews, LA/CA, Staff Appraisal Report (SAR) or Project Appraisal Document (PAD), and *Aide-Memoires* or Terms of Reference (TORs) of supervision missions obtained from various social funds<sup>3</sup>. To better understand the viewpoint of the TTL and Bank procurement experts, several valuable interviews were conducted to learn more about the requirements and problems faced in their work<sup>4</sup>. To experience first-hand how a social fund functions and to interview various staff regarding the procurement process, a field visit was conducted to the Peru Social fund, FONCODES.

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2 These instruments are primarily used by the Procurement Specialist and PAS, not by the TTLs, and thus this study does not provide the details of their use.

3 Annex D contains a chart summarizing the documents used in the study.

4 Annex E presents a list of the people interviewed.

### **III. THE ROLE OF PROCUREMENT IN A SOCIAL FUND PROJECT CYCLE**

Social funds are different to many conventional Bank-funded projects in that they are demand-driven and incorporate greater community participation in the implementation and management of subprojects. This, in turn, influences the procurement and contracting procedures used by the Fund. This chapter will highlight some of these differences and provide specific guidance on related procurement issues.

In social funds and similar projects with community participation, there are two levels of procurement arrangements: 1) procurement undertaken at the central level by the social fund management unit; and 2) procurement by or on behalf of communities (beneficiary subprojects). Since the bulk of disbursements in social funds are for community projects which are demand driven, it is not possible to determine ex-ante what will be procured, neither can you package goods and works for subprojects. Furthermore, in social funds which provide direct financing to communities, Community Project Management Committees take primary responsibility for procuring goods, services and civil works guided by the social fund management unit.

The Bank Guidelines do not impose many obligations nor do they actually convey any good practice when it comes to designing financial management and procurement procedures for projects with community-based procurement/implementation. Therefore, what is important is to design a project that can be implemented, taking in to account the realities on the ground and designing it so that it is accountable with clear controls and a system for verification. In short, it is striking a balance between designing a project which is 'implementable' (not too bureaucratic) and achieving accountability.<sup>5</sup>

Thus in the case of social funds that promote community-based procurement/implementation determining proper procurement procedures will depend primarily upon the particularities of the individual project. Proper procurement (and financial management) arrangements have to be defined and agreed upon by all parties (Bank, borrower, and other donors if relevant), and then properly followed by the implementing agency. The objective of procurement ex-post reviews is to verify that "proper

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<sup>5</sup> Based on interview with Jean Jacques Raoul, Manager, OCSPR, Nov.13, 2000.

procedures which had been agreed upon (and incidentally were in accordance with the Bank Guidelines) were followed.

***What information is contained in the Guidelines and what is contained in the Loan Agreement or Credit Agreement?***

The Guidelines, both for procuring goods and works and the selection of consultants, are documents which present the conceptual framework of procurement for social funds financed by the Bank. They contain a description of each of the processes and procedures to be applied by the social fund. The procurement annex of the LA/CA contains the following information:

- which Guidelines should be used during the implementation of a social fund,
- what are the procurement procedures to be used by the social fund (selected among the various methods acceptable to the Bank),
- the thresholds which indicate the procurement method to apply for each contract and the aggregate limit amounts for the more simple procurement methods of the social fund,
- when and in which stage of the project the social fund must obtain the prior review of the Bank (No Objection) and when the social fund has autonomy and the process is only subject to ex-post review, and
- whether any national preferences exist (e.g., incentives for procuring national goods/contractors).

***Which of the Guidelines should be used?***

The most current Guidelines should be used in the project preparation stage, the Guidelines cited in the procurement annex of the LA/CA should be used in the implementation stage and in the procurement audits.

**1. Procurement in the Project Preparation/Appraisal Stage**

The project preparation/appraisal stage is important to ensure that procurement methods, thresholds, etc. are adequate and that procurement is undertaken according to the schedule established and according to the parameters established for each country. To achieve this goal the TT should participate in the following stages:

- Project Concept Document (PCD),



- Procurement Plan (PP),
- Procurement Capacity Assessment (PCA),
- Procurement Annex of the PAD,
- Operational Manual (OM) (including the Procurement Section),
- Negotiation, and
- Procurement Annex of the LA/CA.

#### **A. Project Concept Document**

This is the initial document which describes the concept and goals of the project. Regarding procurement there are two issues to be considered:

- The designation of the Procurement Specialist or Procurement Accredited Staff who will form part of the TT and be in charge of all the aspects of procurement.
- The analysis of in-country procurement practices/issues which could impact the project. This could be done using the Country Procurement Assessment Report (CPAR) or the Operation Procurement Report (ORP).

#### **Box 3.1: Use of External Consultants**

Both TTLs and RPAs have expressed their concern that in some areas, especially social areas, there is not enough procurement expertise available, given the volume of work they must attend to. To resolve this problem in some circumstances external consultants have been hired with the approval of the Procurement Specialist assigned to the project. The consultants' reports must be endorsed by the Procurement Specialist of the TT. The only function that consultants cannot undertake is the clearance of No-Objection, as it involves a Bank fiduciary responsibility, which is the exclusive task of Bank personnel. The best reference for external consultants is through the Procurement Specialist or Regional Procurement Advisor. Some regions have a consultant roster register in their intranet.

This work should be reviewed by the Regional Procurement Advisor before the PCD meeting. As the Procurement Specialist or Procurement Accredited Staff is assigned to the project at this stage, in the rest of this document we refer to the TT as the group responsible for the project overall, although the person primarily responsible for the procurement area is the Procurement Specialist or Procurement Accredited Staff.

#### **B. Procurement Plan**

A special characteristic of Social funds is its demand driven nature which makes it difficult to determine ex-ante what is to be procured under beneficiary subprojects. The description on procurement arrangements in PAD/DCA is therefore impractical for funding beneficiary subprojects; it is also not required. It is difficult and unnecessary to determine so

long in advance what will be procured. Hence social funds or similar demand driven projects should refer to (i) “beneficiary subprojects” instead of goods/works/services in the description of procurement arrangements and disbursement categories in the PAD, and (ii) instead of such a procurement plan, a methodology for procurement should be described in the social fund Operational Manual.<sup>6</sup>

The above applies to the category for beneficiary subprojects that are demand driven, however, a procurement plan must be developed for operational costs of the executing agency, (items such as computers, vehicles, etc.).

The Procurement Plan contains the list of goods and services (contracts) to be procured during the life of the project. The Procurement Plan should be updated when necessary to include any delays or variations. The plan must include the following:

- Grouping contracts and contracting methods for goods and works, as well as consultant selection (firms and individuals), including cost estimates in US dollars by package and method and the estimated start dates and duration of the activities.
- A schedule for each category (works, goods and consulting services) citing important milestones with estimated dates.
- Each region uses similar formats with minor differences.

#### ***Why is a Procurement Plan necessary?***

The Procurement Plan is necessary because it states the type of procurement required, the methods to be followed, and estimates the time and personnel necessary for project completion. This facilitates planned execution of procurement so that the project can advance on schedule as established in the LA/CA with minimal need for improvisation. To summarize, the Procurement Plan is a document agreed upon by both the Bank and the borrower which determines the procurement (or methodology for procurement) required for the project and which serves as a guide for the borrower and assists the TT in performing adequate supervision.

#### ***Who should develop the Procurement Plan?***

The borrower's staff should be primarily responsible for the design of the procurement plan. However it is important that the TT (of the Bank) ensure that the borrower

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<sup>6</sup> Electronic mail: Mr. Jean Jacques Raoul, Manager, OCSPP. Oct. 14, 2000.

understands the importance and necessity of the plan. Bank staff must also provide adequate technical support. The plan must be reviewed by the Regional Procurement Advisor before the PAD meeting.

***When must the Procurement Plan be prepared?***

It is recommended that a first draft of the plan be prepared at the start of project preparation, and the final version (reviewed by the Regional Procurement Advisor) be incorporated in the PAD.

**C. Procurement Capacity Assessment (PCA) of the Social fund**

The Procurement Capacity Assessment of the social fund is the Bank's evaluation of the social fund's capacity to procure according to Bank Procedures. The Task Team is responsible for carrying out the Capacity Assessment. The Procurement Capacity Assessment must include:

- an assessment of the social fund's capacity in the procurement area,
- recommendations of the social fund's needs and areas for improvement, reflected in an Action Plan
- risk and management analysis, and
- frequency of procurement ex-post reviews and procurement audits to be carried out.

When preparing a first-time social fund (first-time operation) where there is no unit established, it is impossible to assess the procurement capacity of the Fund. Instead, the TT should include a list of conditions that must be fulfilled prior to effectiveness. For example, the social fund preparation team may be expected to finalize its Procurement Handbook, recruit a procurement expert, and organize together with IDA, procurement training for its staff.

Social funds also may contract NGOs to procure goods and services on behalf of the community. They may also sign an agreement with the community to procure goods/services for the subprojects. When an NGO or community is procuring goods or services, simple and clear criteria must be established to determine if the NGO or community has the capacity to follow the steps established in the Operational Manual and can carry out procurement activities. If it is determined that the NGO or community does not have the capacity, a comprehensive training program must be put in place by the social fund.

***Why is a Procurement Capacity Assessment necessary?***

The Procurement Capacity Assessment is necessary to:

- understand the procurement capacity of the social fund, and determine whether capacity building or strengthening is necessary,
- define the thresholds and change those if needed,
- determine the level/ frequency of supervision to be performed, and
- ensure that procurement will follow Bank Guidelines.

***When should the Procurement Capacity Assessment be performed?***

The Procurement Capacity Assessment should be performed once the Executing Agency of the social fund has been identified, unless it is a first time operation. In addition, a copy of the Procurement Capacity Assessment must be sent to the Regional Procurement Advisor before the PAD meeting.

***What are the most important inputs for the Procurement Capacity Assessment?***

The Country Procurement Assessment Report or the Operation Procurement Report, the borrowers procurement law and regulations, and the interviews conducted with executing agency staff, contractors, consultants and related institutions are the most important inputs for the Procurement Capacity Assessment.

**D. Procurement Annex of the PAD**

This annex establishes the categories of the project and how procurement will be carried out during the implementation of the project. The annex should contain the following:

- information to complete the following tables:
- principal observations and recommendations from the Procurement Capacity Assessment,
- plan for conducting ex-post reviews and procurement audits, and
- social fund capacity to issue reports from PMR section 3.

**Table A: Project Costs by Procurement Arrangements**

Expenditure Category	Procurement Methods			
	ICB	NCB	Others	Total
<b>Beneficiary Sub-Projects</b>				
<b>Social fund Administration</b>				
Goods & Services				
Consultants				
Operating Costs				
Total				

**Table B: Example: Thresholds for Procurement Methods and Prior Review**

Expenditure Category	Contract Value Thresholds*	Procurement Method*	Contracts Subject to Prior Review*
<b>1. Beneficiary Sub-Projects</b>	<\$80,000	CPP	Post Review (Or selective prior review)
	>\$80,000	CPP	Prior Review
<b>2. Social Fund Administration Costs</b>			
Goods			
Equipment, supplies and vehicles	<\$25,000 \$25,000-\$200,000 >\$200,000	Shopping NCB ICB	Post Review Two first contracts All contracts
Consultant Services			
Firms	>\$50,000 <\$50,000	QCBS LCS	All contracts None
Individuals	<\$50,000 >\$50,000	Individual Individual	None All contracts

\*These numbers, methods and prior review are an example to help understand the table.

**Box 3.2: Lack of standardization in answers provided by the Procurement Specialists**

This is an issue that was mentioned frequently by the TTLs interviewed. When seeking a response on any specific issues related to social funds, the TTL sometimes receives different responses depending upon which Procurement Specialist they consult. This encourages the TTL to find a Procurement Specialist who better understands social funds and their unique characteristics. These discrepancies diminish the quality of service offered by the procurement staff.

The TT is responsible for the annex, which should be agreed upon with the social fund, and as such should incorporate the Procurement Capacity Assessment.

**E. Operational Manual (Procurement Section)**

This is the section of the manual used by the social fund, which guides the processes and procedures in the procurement area. This manual must include all the necessary

information to carry out procurement according to the LA/CA. It is recommended that the operational manual include the following points, which are in accordance with ISO 9004<sup>7</sup>:

- description of the procurement methods which can be used,
- analysis of how to select the procurement method, depending upon what is to be procured,
- a graphical and written description of the process, detailing who is responsible for each stage of the process and who is responsible for the entire process, and
- written procedures for:
  - requirements for technical specifications, blueprints, terms of reference, etc.,
  - development of the Bidding Documents or Request for Proposals,
  - clarification of issues posed by bidders,
  - receipt and opening of bids,
  - bid evaluation, including post-qualification,
  - norms or guidelines to ensure quality and methods of verification,
  - criteria for the resolution of quality discrepancies,
  - assurance of contract compliance,
  - schedule of the time required for each stage, and
  - procedures for filing documentation.

***Why is the Operation Manual (Procurement Section) necessary?***

This document serves as a guide and reference for the steps to be taken in each stage of the procurement process and designates the responsibilities of each group or person participating in the process. As the Bank must approve the document, it is ensured that these processes and procedures are prepared using the Bank Guidelines.

***Who must write the Operational Manual (Procurement Section)?***

The borrower must write this section of the manual with technical assistance provided by the TT, who has ultimate responsibility for approval of the manual before its implementation.

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<sup>7</sup> ISO/9004 is International Standard Organization Quality Management and Quality System Element.

***When should the Operational Manual be prepared?***

Normally the final draft of the OM should be completed at the same time the PAD is completed for negotiations. A final approved document is a requirement for the credit or loan to go into effect.

***What are the most important inputs for the Procurement Section of the Operational Manual?***

The Bank Guidelines and the PAD Procurement Annex are the fundamental bases for the Procurement Section of the Operational Manual.

**F. Negotiations Stage**

Before the TT requests authorization to invite the Borrower for negotiations, a complete PAD package must be sent to the Regional Procurement Advisor for final review. The TT participates in the negotiation with the Borrower and any substantial modification in the procurement area must be approved by the Regional Procurement Advisor office.

**G. Procurement Schedule of the LA/CA**

The Procurement Schedule of the LA/CA reflects the final version of the PAD, which outlines the principal guidelines of how procurement should be undertaken in the project. The most important points are:

- which Bank Guidelines should be used in the project,
- the procurement methods for each category (selected among those methods which are acceptable to the Bank),
- the thresholds which determine which method to apply and if prior or ex-post review is required, and
- if any national preferences are given.

The Legal Department of the Bank prepares this document for the final version of the credit or loan document.

***When should the Procurement Schedule of the LA/CA be produced?***

The basic information for the schedule is in the PAD, and should be finalized at negotiations. The TTL should ensure that the schedule reflects exactly what is stated in the PAD.

## **2. Implementation Stage of the Social fund**

The TTL's responsibility in the procurement area is to ensure that the social fund meets the directives established in the procurement schedule of the LA/CA. Three principal instruments are available to the TTL to carry out his/her responsibility: the prior review (No Objection), the ex-post review and the procurement audit. The TTL is primarily in charge of carrying out/overseeing the execution of these activities.

The ex-post reviews are conducted as part of supervision missions and are funded through the budget assigned to the TTL for project supervision. Even when the procurement audit is funded by the borrower (if it is so stated in the LA/CA), the TTL must provide his/her No Objection before the auditor can be selected. There are also other instruments, which monitor the procurement process, which do not depend entirely on the TT and these are described later in the chapter.

### **A. Prior Review**

The prior review is the No Objection issued by the TTL as part of his/her supervisory work and will not be analyzed in detail in this document. The TTLs who are not accredited to give a No Objection must obtain a written report from a Procurement Specialist or Procurement Accredited Staff before issuing the corresponding No Objection. Please see Annex C<sup>8</sup>.

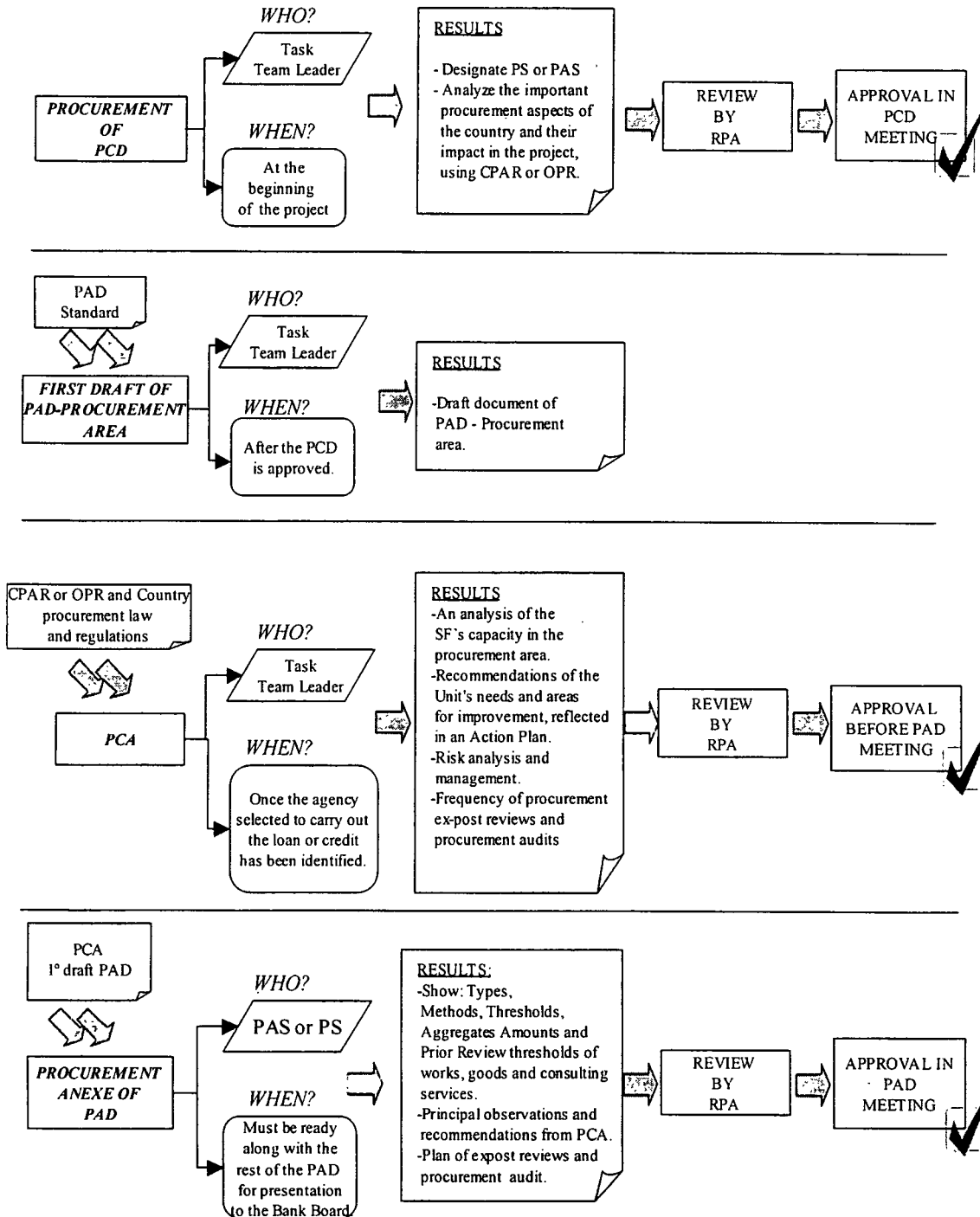
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<sup>8</sup> Annex C presents "The World Bank Procurement Functions", which includes the Decision Authority Matrix for client related activities and the thresholds for mandatory prior review by the RPAs and OPRC. This reference was obtained from the document "Staff Review and Clearance Responsibilities for World Bank-Financed Procurement."

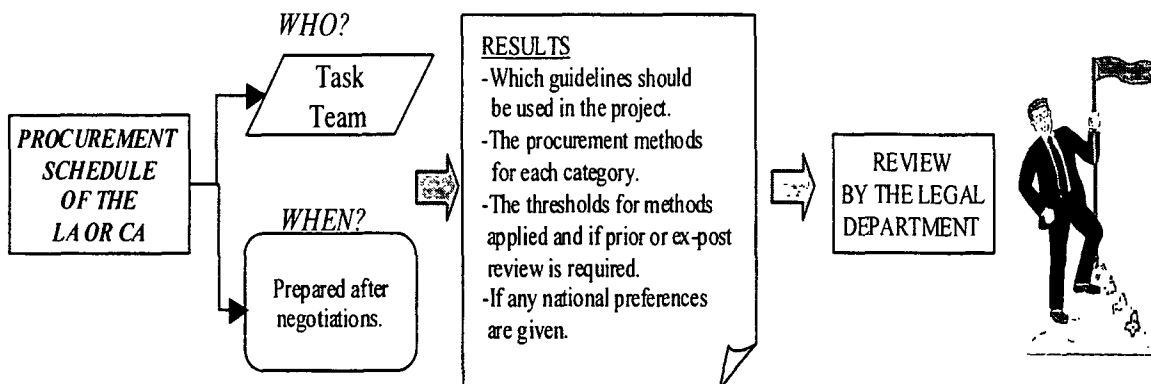
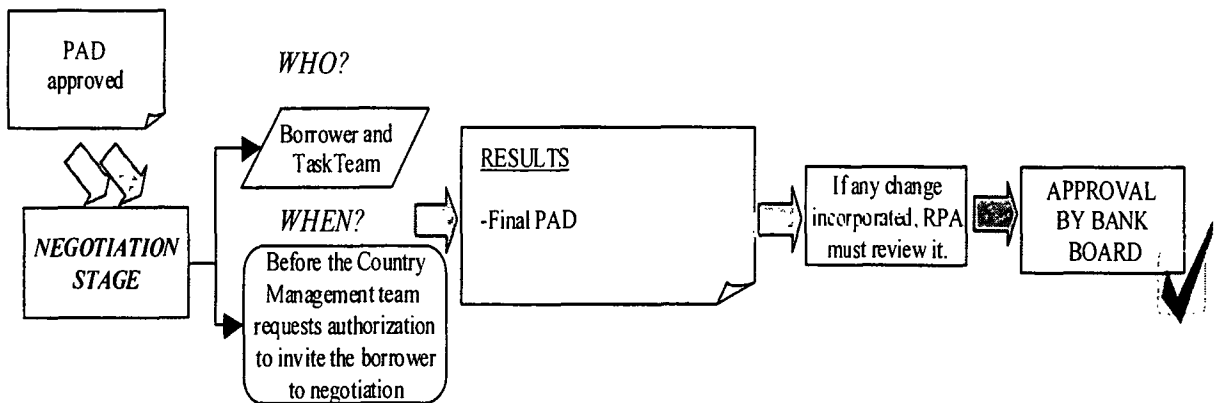
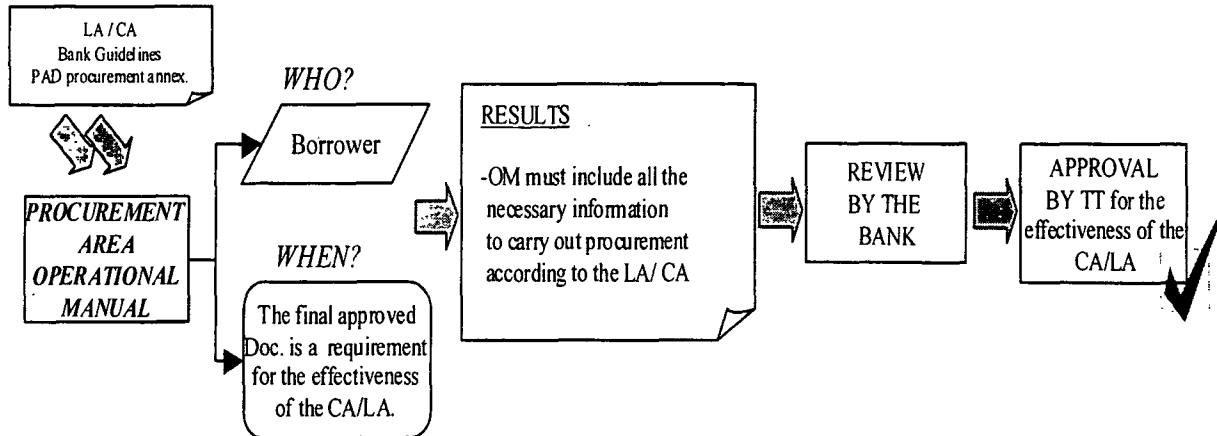


Figure 1: Flowchart of Procurement the Project Preparation Stage

## PROCUREMENT IN THE PROJECT PREPARATION STAGE



## PROCUREMENT IN THE PROJECT PREPARATION STAGE (Cont'd)



## **B. Ex-Post Review**

The ex-post review is a Bank review of a selected sample (5 to 20 percent) of the documents used for procurement which, due to the value of the contract, are below the thresholds previously established and did not require prior review, and a physical inspection of those goods and works procured under contracts subject to prior review or post review.

Procurement under the post review procedure is carried out by the social fund alone, without Bank participation. The Bank, in order to fulfill its fiduciary responsibility, verifies afterwards that the procurement processes were carried out according to the stipulations in the LA/CA. The ex-post review could also include the review of some contracts which underwent prior review, especially on site review of completed work or delivered goods and services. The TT Procurement Specialist (or a consultant) normally carries out the ex-post review.

An ex-post review of a social fund must examine the following:

- conformity of procurement with agreed procedures,
- previous mission's recommendations,
- adequacy of contract management and payments process,
- bidders' complaints, and,
- conduct on-site visits to selected projects, or where the goods are stored.

Unlike for conventional Bank-funded projects, the ex-post review would not include reviewing, for example, the procurement plan for the beneficiary subprojects, as it is not necessary and not recommended for demand driven projects such as social funds.

The ex-post review should be considered a learning experience and a way to improve management of the procurement process.

### ***Why is an ex-post review necessary?***

Ex-post review is necessary to ensure that the social fund meets the procedures agreed as per the LA/CA. The Bank could carry out a prior review of each process, but this would require more time and resources which would also slow the pace of project implementation. Since performing a prior review for all project contracts would not be practical, the Bank ensures that the social fund is following the procedures agreed as per the

LA/CA through the ex-post review. Consistent with this approach, Bank policy has recently emphasized more ex-post review and less prior review.

***When should the ex-post review be performed?***

Before the Procurement Capacity Assessment was formally required, the TT was responsible for performing ex-post reviews at least annually. Since the Procurement Capacity Assessment was formally adopted in 1998, the frequency of the ex-post reviews is directly related to the risk evaluation of the executing agency. In a low risk project, the frequency of ex-post reviews is annual and is carried out on a relatively small sample. The frequency and sample size should be greater for higher risk projects. It is recommended by the Bank that the ex-post review form part of supervision missions and be performed using a specified Bank reporting format.

***The TT has never performed an ex-post review on a social fund. Why was this not noticed?***

In the past, enforcement of procurement ex-post review requirements by the TT was not actually monitored by the Bank. However, as a result of the April 2, 1998 report "The World Bank Procurement Function Adjusting to Emerging Needs," RPAs are required to monitor the actual enforcement of the procurement ex-post reviews of each project in their region and issue an annual report to Regional Management with their findings. The first report of this kind is expected to cover FY00 (July 1999-June 2000).

**C. Procurement Audits**

A procurement audit is very similar to an ex-post review technically, and may be carried out (i) by or on behalf of the Bank (in which case it is actually an expanded ex-post review), or (ii) on behalf of the social fund.

***Who carries out a Procurement Audit?***

Procurement audits are usually commissioned by the Regional Procurement Advisor's office (generally covering several projects in a specific country), and are carried out by individual consultants or firms on behalf of the Bank.

Procurement audits may also be carried out on behalf of the social fund, either because they are mandated in the LA/CA; in some cases, even when there was no obligation,

the social fund carried out procurement audits either for their own purposes or following the request of the TT.

***When should procurement audits be performed?***

Procurement audits should be carried out under the following circumstances:

- when the LA/CA or the PA stipulates or,
- when the results of an ex-post review suggest strong indication of misprocurement, fraud or corruption.

Furthermore, when the LA/CA does not stipulate that a procurement audit should be carried out, and the social fund does not have a Procurement Capacity Assessment, the TT should monitor the social fund's activities in this area. Based on this analysis, the TT may decide to carry out a Procurement Audit:

- when the social fund personnel in charge of procurement have changed and the new staff have been carrying out these duties from 6 months to one year, or
- at the end of the first year of procurement, or
- annually or bi-annually.

**Audits on behalf of the borrower**

To obtain more information on this point, interviews were conducted with area experts in the Bank. Results of the interviews did not provide any clear consensus on whether it is beneficial to the Bank if the borrower hires independent consulting firms to perform procurement audits. As such we have provided the following recommendations.

- the Bank funds and maintains responsibility for the ex-post reviews and audits conducted on its behalf. The Bank must also review procurement audits performed on behalf of the Borrower,
- prior review should apply for the selection of the auditor for the following:
  - Short List and Request for Proposals,
  - evaluation of proposals,
- the Bank should ensure that the sample selected for the audit is adjusted to the terms of reference (TOR) and that it is representative of the project's contracts,
- as part of the ex-post reviews carried out by the TT during supervision missions, a sample of the processes reviewed by the auditor (on behalf of the borrower) should be

examined. When there are discrepancies between the audit report and the Bank's verification process, measures should be taken such as: reviewing additional contracts in order to see if the auditors did not fulfill their obligations or in some cases they purposely provided misleading information. In the last case, the Bank should prohibit the use of that firm for any consulting job funded by the Bank.

It is recommended that consultants be advised that their work will be reviewed by the Bank at the field level. This should diminish the risk of consulting firms presenting skewed reports. It is recommended that Bank-funding be provided under the project for the procurement audit when necessary.

#### Procurement Audits as Part of Financial Audits

Bank experts were also interviewed regarding the possibility of incorporating procurement audits in the financial audits which are contracted by the social fund. The majority of the experts do not believe this to be a good idea, an opinion that we also share. The most important reasons supporting this position are:

- in general, traditional audit firms do not have personnel with sufficient understanding of Bank Guidelines, and
- contracting firms which perform procurement audits are specialized in this area and have produced very good results.

#### **D. Misprocurement**

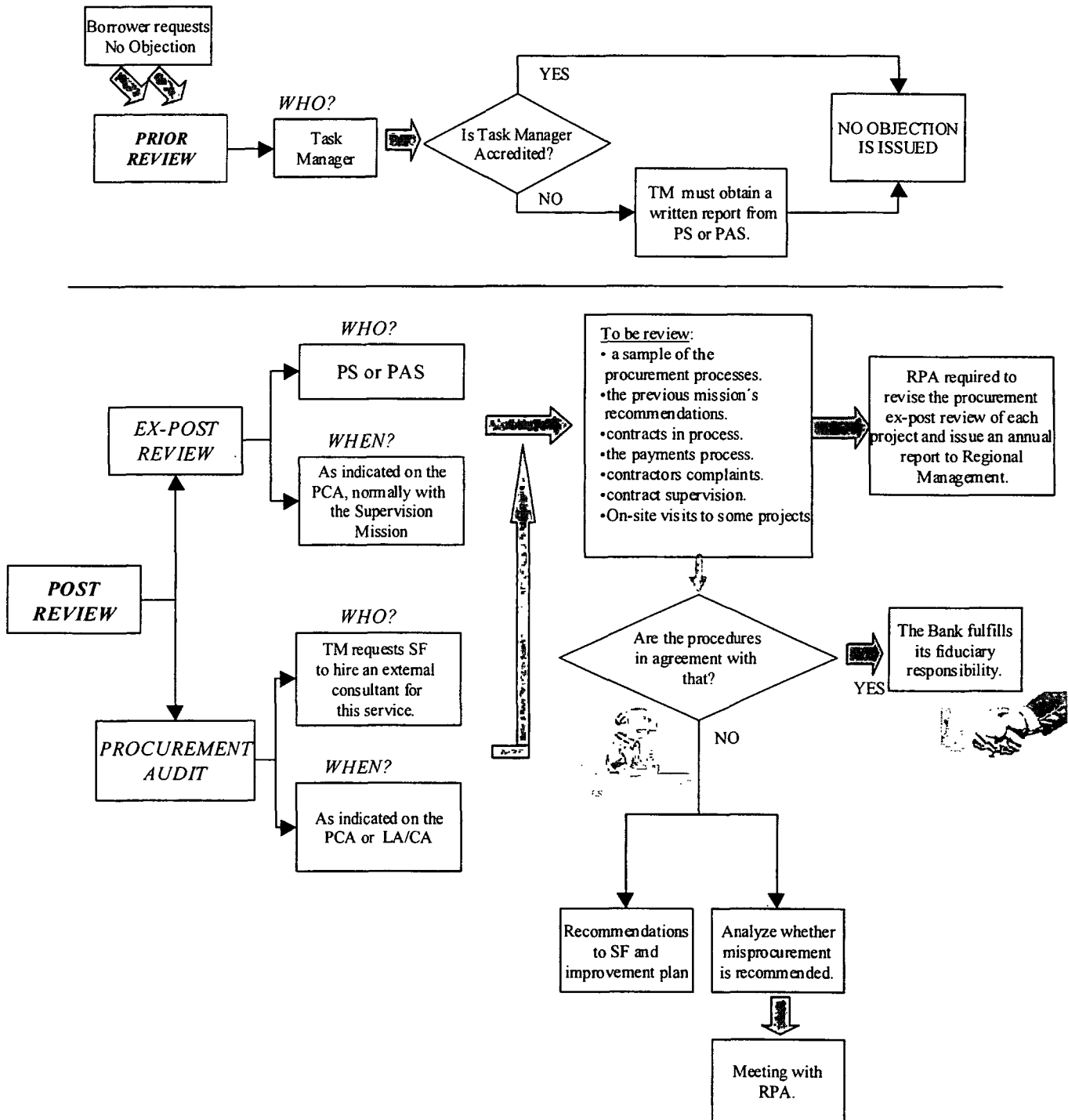
Misprocurement occurs when the process for procuring goods, services, or works has deviated substantially from what was established in the LA/CA. When the Bank determines that misprocurement has occurred, the social fund cannot use credit or loan resources to pay for the contract. Funds which have been used under this contract must be repaid.

#### ***When should misprocurement be declared?***

This instrument is rarely used by TTLs, although when a procurement process has deviated substantially from agreed procedures, misprocurement must be declared by the Bank. Because a declaration of misprocurement can jeopardize the whole project due to the fact that the borrower may not be able to repay the funds used, it is most critical that this risk be alleviated to the extent possible (which is the main purpose of the prior reviews and Procurement Capacity Assessment exercise). We believe that the threat of misprocurement

constitutes an important incentive for the social fund, and that sending strong signals to borrowers is important to strengthen efforts in the procurement area. Since most of the social fund subprojects are small and there should not be a problem with repayment, misprocurement should be used as needed.

Figure 3: Implementation Stage of the social fund  
**IMPLEMENTATION STAGE OF THE SF**





### **3. Additional Instruments Available to the TT**

There are additional instruments available to the TT -- such as providing on the job training and procurement seminars for social fund staff -- which will improve the procurement process of the social fund. However, TTs often do not have adequate supervision budgets to include such activities. It is advisable that the TT negotiates with the social fund to find funding for such activities.

#### **A. Hiring Consultants to Provide On the Job Training**

Social fund staffs often do not have optimum knowledge of Bank procurement requirements. One of the best methods to resolve this problem is to hire an outside expert in the field to provide advice and on the job training to social fund staff. The aim of this consultancy would not be to provide a final document, but rather to work directly with the staff during the procurement process so that staff learns by doing.

#### **B. Procurement Seminars**

Procurement personnel in the Bank offer seminars on Procurement to borrower's staff. When a TTL consider it advantageous to organize these events for a social fund (especially at project launch), s/he can coordinate the event with the corresponding Procurement Specialist and/or Regional Procurement Advisor.

## **IV. PROCUREMENT METHODS**

### **1. Procurement Methods used in Social Funds**

The following is a list of the most frequently used procurement methods mentioned in the LA/CA reviewed for the projects detailed in Annex D.

#### **Procurement of Goods and Works**

- National Competitive Bidding
- Shopping (Local or International) (goods)
- Community Participation in Procurement
- Procurement of Small Works<sup>9</sup>

#### **Selection of Consultants**

- Quality and Cost Based Selection
- Individual Consultants

It is important to mention that the thresholds set up for each social fund, depend on the threshold limits that the Bank has for each country, and especially the risk assessment of the Procurement Capacity Assessment.

### **2. Procurement of Small Works**

The procurement of small works was mentioned in 14 of the 22 LA/CA reviewed. When they carry out procurement on behalf of the community, the social fund frequently uses this procurement method. Since it is not included in Bank Guidelines, the following paragraph is included in the LA/CA:

"Works estimated to cost \$50,000 (this is the most common value, but varies among social funds) equivalent or less per contract, and not to exceed a determined limit (again, this value varies greatly among social fund) in the aggregate, may be procured under lump sum, fixed price contracts awarded on the basis of quotations obtained from a minimum of three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where

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<sup>9</sup> Procurement of Small Works has been included as if it were a procurement method, although it is not mentioned in the Bank Guidelines. This type of procurement will be analyzed separately within this section.

applicable. The award shall be made to the contractor who offers the lowest price quotations for the required work, and who has the experience and resources to successfully complete the contract."

This method is basically shopping, with modifications to fit a works procurement. Due to its extensive use by social fund and in other social projects which require small works in general, we recommend that the Bank considers the possibility of including this procurement method in its Guidelines. Aspects recommended for consideration in this method are:

- producing standard, simple documents which present all the information necessary to bidders, including blueprints and draft contracts,
- when indicated, performing visits to the proposed project site, and
- including technical specifications for materials.

### **3. Community Participation in Procurement (CPP)**

The method of Community Participation in Procurement is relatively new to Bank Guidelines; it was introduced in 1995. In the interviews conducted with various TTLs, they requested deeper analysis of this method. Various documents are available which present an in-depth discussion of this method, as cited in Annex F. This section does not repeat this information, but rather raises issues of concern to TTLs and presents recommendations for its use in social funds.

#### **A. Method Analysis: Issues of Concern to TTLs**

The CPP method came about in response to new policies implemented in some countries regarding decentralization and citizen participation, especially in development projects where community participation is essential for project success. The Bank responded to this change by including Community Participation in Procurement in its January 1995 Guidelines. The following is the text included in the most recent Bank Guidelines:

"Where, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable in selected project components to (i) call for the participation of local communities and/or non governmental organizations (NGOs), or (ii) increase the utilization of local know-how and materials, or (iii) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract

packaging shall be suitably adapted to reflect these considerations, provided these are efficient. The procedures proposed shall be outlined in the PAD and the Loan Agreement."

This paragraph provides great margin in the design of a social fund project when using this method, since when one of these three conditions are met the procedures can be adapted to the specific needs of the project. Various interpretations of this paragraph have given rise to the following conflicting views:

The CPP method is so loose that many times it is not possible to know how far the design of procedures can be taken. Sometimes, when a CPP procedure is explained to two different Procurement Specialists, different responses are received.

- The CPP method as written is fine, as it allows procedures to be adapted to community characteristics.

Taking into account these two points of view, the following is recommended:

- The Guidelines should not be rewritten as they provide the necessary flexibility which can be adapted to the different needs and characteristics of the beneficiary communities.
- To guide the TTLs and Procurement Specialists who have doubts regarding the scope and form of Bank Guidelines, a Memo could be issued by the Bank similar to that produced by the OCSPP Director Mr. Alfonso Sanchez.<sup>10</sup>

#### **B. General Recommendations for CPP<sup>11</sup>**

The following recommendations are designed to achieve better application of CPP:

- Community-based procurement must be done according to the procedures laid out in the social fund Operational Manual (Procurement Section), as well as the Financing Agreement signed between the social fund and the community. The Financing Agreement spells out the responsibilities of each party in procurement, disbursement and financial management.
- The community elects a Project Management Committee or chooses a community-based organization to carry out the projects on its behalf. It is important that this

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<sup>10</sup> Titled "Guidance Procurement Note on Handling Procurement Under Shopping Method".

<sup>11</sup> For a more in depth discussion of CPP, please refer to Community-based Contracting: A Review of Stakeholder Experience by Samantha de Silva.

advocate be: representative, democratically elected and able to exercise influence on the majority of its members.

- The representatives should include both women and men, in order to have some internal balance and reinforce the importance of women's involvement.
- It is crucial to include the community as decision makers during the most important stages. The procedures should permit the participation of the entire community in key stages, such as awarding contracts.
- Understanding of the community characteristics through a beneficiary or social assessment is useful when designing procurement procedures, e.g., do majority of communities have experience with hiring contractors? implementing community projects? managing community bank accounts? etc.
- Community members do usually purchase goods for their own businesses and/or community projects and they do have some experience with procurement (before the project is financed), it is advisable to study these methods and where possible not modify them.
- Procedures should be simple and direct as possible so that they can be understood by a majority of the community.
- Depending upon the procedures, standard documents should be used when possible.
- It not recommended that all documentation prepared by the community be sent to the social fund central office.
- It is advisable to introduce incentives in the procedures so that the community will have a vested interest in economizing resources. For example, if the community can carry out a project using less funds than budgeted, the remaining resources would be used to extend or improve the project.
- To ensure transparency, alternative methods of publicizing opportunities should be considered. For example, indicating the products required on bulletin boards in the main square, using the town radio or any other method could be employed.
- For better control over financial resources, it is advisable to promote community monitoring of its local representative.

- Control to be exercised by the social fund should also be included in the ex-post procedure, not only regarding procurement but also financial and technical aspects.
- Once the procedures are defined, these should be included in the PAD, the LA/CA, and the social fund Operational Manual.
- Unit cost databases maintained at central or district level for costs of goods, transportation, wages etc. have provided a very useful tool to monitor projects with CPP.
- Payment methods for contractors should also be included in the invitation to bid. For example, for many of the community projects, contractors are paid in tranches by the community. However, unless this is clearly stated, contractors assume that they will be paid in a lump sum or using some other method.

Projects which include community contributions, i.e., molding bricks, collecting sand, etc., can delay the implementation and contractors are not usually aware that implementation will depend on contributions. This should be stated in the invitation to bid, however it is recommended that when possible the community contributions should be given before the project construction begins.

## **V. ANALYSIS OF PROCUREMENT AUDITS AND EX-POST REVIEWS**

This section only considers the procurement audits and ex-post review reports as detailed in Annex D. Supervision mission reports are not included, since the majority only briefly mentions procurement. Furthermore, they do not describe specific objectives or scope of what was undertaken in the procurement area.

### **1. Objectives and Scope of Audits and Ex-Post Reviews**

Procurement audits and ex-post reviews basically have the same principal objective: to review the procurement, contracting and implementation procedures of the contracts financed with Bank resources and verify that these were carried out according to the stipulations in the LA/CA. Other objectives are to verify that:

- the decisions and actions taken in the development of the processes were correct,
- there were no indications of fraud or corruption,
- the contracts above prior review threshold received a Bank No Objection,
- bid evaluations were carried out according to Bank Guidelines,
- contracts in process and securities were administered correctly,
- the products, works, and consulting reports received satisfied the conditions set forth in the contract,
- the costs of the goods, works and services procured were reasonable,
- the quality, maintenance of the works and goods procured meet the requirements of the bidding documents.

The number of contracts reviewed and works visited during the audits varies widely and is related to the number of contracts completed by the social fund. On average the audits reviewed 30 contracts, with 16 being the minimum number reviewed and 45 the maximum number of projects audited. Very few of these contracts required prior review/Bank No Objection.

### **2. Funding Sources and Institutions Performing the Audits and Ex-Post Reviews**

Most of the audits were financed by the Regional Procurement Advisor's office of the Bank, which performs the audits as part of their fiduciary responsibility. The audits financed by the social fund with their own funds were performed by State entities whose

responsibility, amongst others, is to carry out procurement audits. In general, consulting firms were hired for these audits, although in one case an individual consultant was hired.

Ex-post reviews were financed by the Bank, specifically using the budget assigned to each TTL for project supervision. Bank personnel (Procurement Specialist or Procurement Accredited Staff) generally performed these reviews, although a few external consultants were hired.

### **3. Cost of Procurement Audits**

The cost of procurement audits varies and in general depends upon the following factors:

- size of the project,
- number of projects to be reviewed, and
- country where the audit is to be performed.

Cost varies between \$25,000 and \$60,000, with \$35,000 being the average cost of a procurement audit.

### **4. Other Issues**

We present some issues which came about during the course of this study and go beyond the consultancy's requirements. They are presented for Bank consideration. A more profound analysis is needed to find appropriate responses to these concerns. It is believed that highlighting these issues, however, can contribute to the Bank's efforts to improve the mechanisms which support project implementation.

#### **A. Technical Specifications or Terms of Reference**

One of the most subtle forms of manipulating the contracting process is by creating technical specifications or terms of reference so as to give an advantage to a particular brand, business or consulting firm.

Would it be advisable to include specialized personnel (knowledgeable about the items being procured, i.e., computer specialist when computers are being procured) in the audit team who would review the technical specifications or terms of reference as part of the procurement audit? To avoid significantly increasing the cost of the audit, these experts could work from their offices and receive the pertinent information from the procurement audit staff on-site.



## **B. Social funds Financed by Several Sources**

When a social fund is financed by several sources, procurement processes must follow the norms of each funding source. Normally this implies that within the social fund, distinct processes and procedures must be carried out for each donor. This leads to confusion and additional procurement-related work. Should the Bank promote a unified approach to managing procurement? This, of course, would have to be done in consultation with other organizations.

## **C. The Procurement LA/CA Schedule within the Comprehensive Development Framework (CDF) Implemented in Bolivia**

In the CDF for Bolivia, a single Procurement Schedule was included for the LA/CA which contained three categories (for all projects), depending upon the classification given to the Project Implementation Unit (PIU) in the PCA. For the lowest risk PIU the review thresholds are higher and the agency can change the category depending upon the results of the ex-post review and procurement audits. This example is included as the Bank may wish to analyze the possibility of implementing this procedure in other countries after evaluation of the results in Bolivia.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

The conclusions and recommendations which follow are based on the information collected and reviewed as detailed in Annex D. Although the sample obtained is not sufficient to make generalized conclusions regarding all social funds, it does permit a general overview of relevant issues.

The three observations encountered most frequently in the procurement audits and ex-post reviews are:

- inadequate filing systems,
- lack of knowledge of Bank Guidelines on the part of social fund staff, and
- problems with bidding documents (such as deviations on contract clauses, performance and bid securities, not including important information and insufficient technical specifications in the bidding documents).

The three findings which most greatly affect the transparency, efficiency and economy of the procurement process are:

- not awarding contracts to the lowest evaluated bid,
- including factors during the evaluation which were not contained in either the Bidding Documents or the Request for Proposals, and
- inadequate advertising of NCB.

Prior to the publication of “The World Bank Procurement Function: Adjusting to Emerging Needs” on April 2, 1998, some of the instruments provided by the Bank for procurement supervision (for social funds in particular and other projects in general) had diverse applications and did not always ensure that the Bank’s fiduciary function was undertaken efficiently.

Regarding these instruments, the following observations can be made:

- Sufficient post review was not performed, neither through procurement ex-post reviews nor procurement audits.
- It was noted that social fund staff did not have sufficient understanding of Bank Guidelines.

Based on the April 1998 report, the Bank has developed new and improved instruments to ensure that the Bank's fiduciary responsibility in the procurement area is performed more efficiently. These include:

- the Procurement Capacity Assessment,
- the Procurement Plan,
- better ex-post review format, and
- procurement Audits funded by the social fund.

It is important to mention that, due to the recent implementation of these instruments, the documents obtained for this study do not reflect the improvements expected in the future. For example, the social funds which have undergone a Procurement Capacity Assessment have not yet been subject to audits or procurement ex-post reviews. Nevertheless, these new instruments clearly lead to improving the fiduciary function of the Bank. This stated, the following table summarizes overall findings.

**Table 6.1: Conclusions and Recommendations**

<b>Conclusions</b>	<b>Recommendations</b>
<p>As a result of inadequate filing, in some cases it could not be verified whether a process complied with Bank Guidelines or not. Inadequate documentation regarding procurement processes may be an indication that Bank guidelines were not followed.</p> <p>Inadequate filing could also be due to unclear descriptions in the Guidelines or Operational Manuals in describing how documentation on each stage must be filed.</p>	<p>Administrative law indicates that documentation from any process, especially that pertaining to decision-making and which incurs a financial disbursement, must be filed appropriately.</p> <p>Bank seminars and Operational Manuals should include a section on organizing archives. In addition, in LA/CA procurement schedules, which provide guidelines for carrying out the ex-post reviews, a paragraph should be included on how to organize archives so that the review can proceed more efficiently. For example: all documents related to one process should be archived together in one file. On the cover of the file a checklist of the contents should be attached.</p>
<p>In some social funds, communities were required to bring their paperwork to the central office in order to carry out the ex-post review.</p>	<p>Audits/ex-post reviews of community accounts must be done at the community level. It is not feasible to ask communities to send all of their paper work to the social fund central management unit:</p>

**Table 6.1: Conclusions and Recommendations (continued)**

<b>Conclusions</b>	<b>Recommendations</b>
<p>For various reasons, social fund staff modified the Standard Bidding Documents or the Standard Request for Proposals (for consultants), adjusting them to incorporate in-country procurement law. In some cases these changes were not consistent with Bank Guidelines and/or omitted information needed by bidders or consultants.</p>	<p>The preparation of Bidding Documents or Request for proposals must be done carefully, as any error or omission during this stage may be amplified in subsequent stages. In order to avoid these problems, standard Bidding Documents and standard Request for Proposals should be included in the annexes of the Operating Manual or the Procurement Handbook of the OM. Any modification to these documents would require a No Objection from the Bank.</p> <p>For NCB, the ECA region (for post-conflict countries) has developed simplified bidding documents, approved by the RPA. These may be adapted also for use by other regions.</p>
<p>The bid with the lowest evaluated price which satisfies all relevant factors included in the Bidding Documents and which has the capacity and resources to complete the work should be awarded the contract.</p>	<p>When the lowest evaluated bid is not awarded the contract, misprocurement must be declared.</p>
<p>Factors which were not cited in the bidding documents cannot be included in the bid evaluation. Once the bids are opened it is very easy to introduce new factors which would give the advantage to a pre-selected bidder, thus skewing irrevocably the transparency of the process.</p>	<p>Once the bids are opened, the evaluation methodologies included in the Bidding Documents or Request for Proposals (consultants) cannot be modified. If this does occur, it is recommended that misprocurement be declared.</p>
<p>Advertising is one of the most critical activities in the procurement process. It is also a good business practice. It is the best method of assuring that potential bidders are made aware of the opportunity to bid. Without adequate publicity, the participation of bidders is greatly limited and in a large percentage of cases, the resulting bids are above market price.</p>	<p>The TTL should ensure that the social fund completes all of the fundamental stages in a competitive process, including adequate advertising of bidding opportunities (ICB, NCB). It is recommended that misprocurement be considered when advertising is not carried out properly.</p>

**Table 6.1: Conclusions and Recommendations (continued)**

Conclusions	Recommendations
<p>If the recommendations of the audits or ex-post reviews are ignored, these reviews lose their value. It also sends a contradictory message to social fund staff that bad procurement practices are acceptable.</p> <p>The TT, in order to perform their fiduciary role, must ensure that recommendations of ex-post reviews/audits are carried out.</p>	<p>Both audits and ex-post reviews should include in their report the necessary actions to be taken along with a plan to implementing its recommendations.</p> <p>It is the fiduciary responsibility of the TT to ensure that the social fund is taking necessary action to rectify problems identified in the ex-post review/audit. Furthermore, the TT can recommend that misprocurement be declared if these same observations are encountered in future contracts.</p>
<p>Provisions for liquidated damages<sup>12</sup> or similar provisions for delays in the delivery of goods, completion of works or failure of the goods or works to meet performance requirements should be included in contracts used by social funds.</p>	<p>The TT should verify that the standard contracts, included in the bidding documents, incorporate this clause.</p>
<p>The description relative to procurement arrangements in the PAD/DCA is impractical for a social fund/demand driven project where you cannot determine ex-ante what is to be procured.</p>	<p>Social funds should refer to (i) beneficiary subprojects instead of goods/works/services in the description of procurement arrangements and disbursement categories in the PAD; and (ii) instead of a procurement plan, a methodology for procurement should be described in the social fund Operational Manual.</p>
<p>Delays in handing over the final audit report resulted in the social fund being unable to implement recommendations in a timely manner.</p>	<p>It is important that the TOR for the audit specify a timeline for handing over the first draft as well as the final product.</p>
<p>When findings of the audit report are not discussed with social fund and Bank staff early on in the process, and their feedback is not incorporated into the final report, the audit report significantly loses value.</p>	<p>Issues noted in the first draft of the audit report should be discussed in detail with social fund and Bank staff before the audit is finalized.</p>

<sup>12</sup> Liquidated damages are extra project costs or loss of revenue or benefits to the borrower resulting from problems such as delays in the delivery of goods or untimely completion of work

**Table 6.1: Conclusions and Recommendations (continued)**

Conclusions	Recommendations
The errors discovered during the review process resulted not because of fraud or corruption by social fund staff, but from a lack of knowledge of Bank Guidelines and procurement procedures. For example, in some cases, personnel made the decision to use local procedures instead of Bank procedures and in others the errors or omissions were due to staff negligence.	Staff should attend workshops or seminars on Procurement as needed. A consultant can also be hired to provide on-the-job training. In addition, the procurement section of the OM should clearly describe the procedures and processes required.
None of the audits reviewed discussed the strengths/weaknesses of the CPP method.	Due to the fact that CPP is a new method, audits and ex-post reviews should assess how well procurement was carried out under this method.
Although several PADs (via the Procurement Capacity Assessment) indicated the need for procurement audits, this requirement was not included in the LA/CA and in some cases it was only specified in the PA.	The TTL should ensure that the frequency with which procurement audits are to be conducted is described in the Procurement Schedule of the LA/CA and that they are carried out.
Procurement audits (funded by the borrower) is a useful tool with which to monitor the procurement process.	<p>If the Procurement Capacity Assessment indicates that it is a high-risk project, the social fund should be required have a procurement audit performed on its behalf.</p> <p>The TTL should ensure that the instruments required for procurement supervision be explicitly stated in the LA or CA when they are the responsibility of the social fund.</p>
When procuring consultant services (e.g. for beneficiary assessments, impact evaluations, training programs etc.) social funds include both NGOs, consulting firms, and foundations on the same short list.	Although there is no rule against including organizations with different tax structures/objectives on the same short list, it is not advisable. However, depending on the country context, availability of NGOs/consulting firms etc., and the project's objectives (e.g., coverage for poor, rural communities etc.) this can be done.

**Table 6.1: Conclusions and Recommendations (continued)**

<b>Conclusions</b>	<b>Recommendations</b>
Social funds use wage ceilings for unskilled labor although it is not recommended in the procurement guidelines.	Social funds generating temporary jobs among the poor set wage limits as a means of targeting. This is acceptable because it is not establishing a ceiling on the entire bidding process.
Indefinite Quantity Contracts (IQC), are being used by the ECA region, particularly for hiring firms to carry out micro-project design and supervision, when the components of the micro projects are not known ex-ante because of the demand-driven nature of the social fund. An “umbrella contract” is awarded to a firm, following a bidding process, based on a preliminary estimate of the value of micro projects that are likely to be constructed within a given time frame. However, the successful firm is required to submit detailed designs and estimates for each micro project initiated over the given timeframe for the purpose of payment.	The advantage of this approach is that it facilitates the contracting process for firms recruited to carry out design and supervision tasks on a variety of micro project types over a given period of time.
Both the TTL and the procurement staff believe that improved training in procurement is necessary for TTLs.	A comprehensive training program should be developed for the TTLs. Rather than focusing on the details of procurement, this training should include the information needed by the TTL to improve supervision of the process.
There is an apparent lack of communication between regions and, above all, a duplication of efforts in the improvement and development of instruments, documents, experiences, and intranet pages.	Systematic exchanges of information among regions must be encouraged. The goal must be to share experiences and develop instruments useful for all regions.
The selection of methods and adequate thresholds in the preparation stage is very important as it determines the speed of project implementation.	In addition to the procurement staff it is important that the TTL be involved during this stage. Special effort should be made to communicate the concept, principles, and requirements of social fund to the procurement staff to ensure that the appropriate methods are selected.

**Table 6.1: Conclusions and Recommendations (continued)**

Conclusions	Recommendations
The proper management of the procurement process of the social fund is driven very much by the importance given to this area by the TTL.	TTLs should give the necessary importance to the procurement process. It is noted that more emphasis provides better procurement results.
A concern for both TTLs and some Bank experts is that there are not enough procurement staff in the Bank.	An evaluation of the human resources in the procurement area of the Bank is recommended. If there are not enough staff to carry out the required work, those tasks which are exclusive to the Procurement Specialist or Procurement Accredited Staff should be defined. External consultants should be hired to work with the TTL both during the preparation stage and during project implementation for tasks not restricted to Bank personnel. (For further discussion refer to Box 3.1.)
A Procurement Manual that complements the Bank Guidelines is needed in order to standardize the actions of procurement staff and avoid different interpretations of general norms.	It is understood that the Bank is preparing a Procurement Manual which will supplement the Bank's Procurement Guidelines, the Operations Policy and the Bank Procedures documents. This will be a significant achievement. High priority should be given to this activity and it should be completed as soon as possible.
<p>The aggregate limit amounts set for a particular procurement method in the LA/CA should be taken into account when procuring so that the procurement undertaken using this method will not exceed the amount stipulated.</p> <p>The guidelines indicate that contract grouping in CPP must be suitably adapted to fulfill the special characteristics of this method. However, this is not easy to do and is rarely used.</p>	TTs must ensure, through the ex-post review and/or audits, that the limit aggregate amounts cited in the LA/CA are adhered to. One way to accomplish this would be for the social fund to develop a control system designed to monitor these amounts.



**Table 6.1: Conclusions and Recommendations (continued)**

Conclusions	Recommendations
<p>The required number of Ex-post reviews have not been conducted neither has the Bank format for reviews been followed.</p>	<p>The TT must perform ex-post reviews according to the outcomes of the risk analysis of the Procurement Capacity assessment. Ex-post reviews must use the Bank format. If the social fund does not have a Procurement Capacity Assessment, ex-post reviews must be conducted at least annually. As mentioned in section 3.3.2, this is a requirement which will be supervised by the Regional Procurement Advisor.</p> <p>The RPAs are responsible for ensuring that the required number of ex-post reviews are carried out using the proper format. It is recommended that social funds are assessed well before the end of the fiscal year to determine which projects have or have not satisfied this criteria. In order to help the TT meet this requirement, a schedule for conducting ex-post reviews should be developed the procurement staff.</p>

## **ANNEX A: RECOMMENDATIONS TO IMPROVE THE TOR OF PROCUREMENT AUDITS**

### **1. Introduction**

Each Bank region has a standard TOR for the procurement audit. After reviewing this information, we can conclude that these TORs are complete and are basically similar, with differences in form more than substance. Given this observation, the following section presents some aspects which in our judgment could be included in the TOR to obtain better audit results.

### **2. Key Staff for the Assignment**

It is advisable to include the number of key staff that will be involved in the audit and their skills. For example:

- Head of project with educational background in engineering, administration, economics, law or related fields. Minimum experience of 5 years in the procurement area applying Bank Guidelines. It is required that this person must have performed at least 5 procurement ex-post reviews and/or procurement audits.
- Procurement expert with educational background in engineering, administration, economics, law or related fields. Minimum experience of 3 years in the procurement area applying Bank Guidelines. It is required that this person must have performed at least 3 procurement ex-post reviews and/or procurement audits.

When the audit includes review of contracts using the CPP Method, it is recommended that one of the two key staff be experienced in this procurement method.

When the number of works contracts to be reviewed is significant, it is advisable that at least one of the key staff be an engineer experienced in construction or works supervision.

### **3. Sample Determination**

Determining the sample of contracts to be reviewed is a critical stage in an audit by sample. If for any reason the sample is poorly selected or skewed this may distort the audit's results. For this reason it is recommended that both the Bank and the borrower participate in this stage. Furthermore, the TOR should indicate the number of contracts to be reviewed, so

the consulting firm can more easily determine the effort required and subsequently the price of the work.

#### 4. Presentation of the Analysis of Each Contract Reviewed

All of the audits reviewed present the analysis of each contract in one or two pages with the relevant aspects listed vertically. To facilitate the interpretation of this information, we recommend that the information be presented in a matrix with columns listing each stage of the procurement process and rows presenting each contract reviewed. This format lends itself to identifying whether the same observation was found in one or more contracts in the same stage. It also lends itself to analyzing one contract by row. Box A1 presents the format described with only 3 stages in a procurement process.

**Box A1: Suggested Format for Process Analysis in Procurement Audits**

Example: Review Chart of NCB of Audit XX

Name and Contract Number	Bidding Documents	No Objection	Evaluation	Comments
#27 School NN Improvements	OK	Not Obtained (1)	Lowest evaluated bid not awarded (2)	(1) Error admitted. (2) To avoid problems with the General Auditor the SOCIAL FUND awarded the contract to the lowest priced bid.
#45 Sanitary Unit BB	Only 15 days were allowed for presentation of bid offers (1)	OK	Bid evaluated with lowest score not awarded contract (2)	(1) Although they stated this was due to the urgency of the work, evaluation and contract placement took 3 months. (2) Same as above.
#67 School Procurement Plan Construction	Only 15 days were allowed for presentation of bid offers (1)	OK	Lowest evaluated bid not awarded contract (2)	(1) and (2) same as above.

By presenting the information in this format, it is easier to determine that there is a serious problem in bid evaluation in all the contracts of the sample, indicating that this problem probably occurred in all the contracts. If the auditor encountered this error and used the proposed matrix, the rest of the contracts could easily and rapidly be reviewed to verify whether this problem was universal.

Less importantly, problems in the amount of time given for presentation of bid offers can be observed. It should be analyzed whether the justifications given for omitting a step are acceptable or not.

Finally, it can be seen that almost all of the contracts received a corresponding No Objection, although this was found lacking in one contract. This may be an involuntary error or there may be reasons for this problem, which should be analyzed more deeply.

It is recommended that the TOR request that the information be presented in a matrix for each method reviewed, as this facilitates interpretation and the search for patterns or exceptions which require a more in-depth analysis. Each region has a special template for process review.

## **5. Presentation of Observations**

Using the aforementioned matrix, the observations should state explicitly how many times the observation was encountered in the sample of contracts reviewed. For example, the No Objection was missing in 6 contracts of 8 reviewed.

The observations presented should be divided between important and secondary findings. The important observations should state whether the omissions encountered are sufficiently severe as to recommend that the Bank should consider declaring misprocurement. Furthermore recommendations should be given to avoid these errors.

The secondary observations are generally minor deviations, and recommendations for future contracts should be provided.

## **6. Action Plan**

The report must include a proposed action plan, prioritizing the measures to be taken by both the social fund and the Bank to address the deficiencies observed.

## **7. Draft Report and Analysis Meeting**

Once the consulting firm produces a first draft of the report, it should be sent to both the Bank and the social fund so that the social fund may present comments and justifications to the report and that the Bank may also present its comments. In this manner the final document can be accepted by all concerned as it would reflect with greater precision the

work undertaken by the social fund. Agreement could also be reached regarding the proposed action plan to address the deficiencies observed.

If differing points of view are offered, it is recommended that a meeting be held to reach agreement. If this is not possible, the Bank should take the final decision.

## **ANNEX B: TERMS OF REFERENCE FOR PROCUREMENT EX-POST REVIEW**

### **1. Introduction**

These terms of reference were based on Mr. Armando Araujo LAC Regional Procurement Advisor's Memorandum of November 29, 1999<sup>13</sup>. The majority of the steps and recommendations mentioned in this section have been condensed and rearranged from the information contained in the Memorandum. The Memorandum is adapted to address the specific characteristics of demand driven projects such as social funds.

### **2. Objectives**

The objective of an ex-post review is to determine whether the procurement processes performed were in accordance with the LA/CA.

### **3. Methodology and Scope of the Ex-Post Review**

#### **A. Preparation for Mission Departure**

In advance of the mission departure, the Procurement Specialist or Procurement Accredited Staff or external consultant (who has the Regional Procurement Advisor clearance) who will carry out the procurement supervision should draft a request to be signed by the TTL to the borrower for a list of all contracts signed, and all ongoing procurement processes under the project. A guide to what should be requested is presented at the end of the annex.

If the borrower cannot supply all information requested, the first recommendation of the TT should be that the borrower prepare an up-dated database so that by the next ex-post review at the latest, the information previously requested can be sent in less than 4 days. In addition, the ex-post reviewer must review the Procurement Capacity Assessment and the reports of the 3 most recent ex-post reviews (or those existing) and the previous audits performed for the project.

On the basis of this information, before leaving on mission the ex-post reviewer must define the list of contracts to be reviewed in the field in coordination with the TTL. The sample selected should be compatible with the social fund risk assessment (representing not less than 1 in 5 contracts for high risk agencies, 1 in 10 contracts for average risk agencies

and 1 in 20 contracts in low risk agencies). The sample should concentrate on signed contracts but should also include some contracts being procured at different stages. The sample should concentrate on contracts not subject to prior review. However, important contracts subject to prior-review could be included at the discretion of the project team. For contracts subject to prior-review, a sample list should be selected for verification that a copy of the Bank's "no objection" is retained in the social fund files.

It is important to verify that the frequency of specific supervision missions to carry out procurement post-review should be proposed in the Project Implementing Unit (social fund) procurement capacity assessment report made before appraisal and approved by the Regional Procurement Advisor. Such frequency should include at least one annual procurement post-review.

#### **B. Field Review**

The Field supervision mission is expected to review, as a minimum:

- **social fund procurement capacity:** review how the procurement capacity of the social fund compares with the assessment made at appraisal and/or the last supervision mission and compliance with the action plan proposed in the capacity assessment. Particular attention should be paid to staffing, facilities, record keeping, reporting, and planning and monitoring of procurement action.
- **Monitoring:** Review the social fund monitoring system and compare its performance with that estimated at the time the "Report on the Assessment of Project for Project Management Report (PMR)-based Disbursement" was issued.
- **Sample of contracts for goods and works:** the Procurement Specialist should review: (i) the bidding documents and addenda; (ii) the evaluation report; (iii) signed contracts; (iv) delays in payments; (v) physical inspection (if possible) of goods received or works performed (if not possible try to get other sort of confirmation); and (vi) should arrange interviews with some contractors aiming solely to listen to their observations.
- **Sample of contracts for consultant services:** the Procurement Specialist should review (i) the request for proposals (including short-list); (ii) the evaluation report(s);

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<sup>13</sup> "Post Review of Procurement"

(iii) signed contracts; (iv) delays in payments; (v) reports issued; and (vi) should arrange interviews with some consultants for the sole purpose of listening to their observations.

### **C. Ex-Post Review Results**

As a result of the review, the Procurement Specialist should report his/her findings. These should be included in the mission's Aide-Memoirs as an annex or presented in the form of a separate report attached to the Aide Memoirs or issued from a Bank office. The report should be prepared by a Procurement Specialist or Procurement Accredited Staff or external consultant (with the clearance of the Procurement Specialist or Procurement Accredited Staff assigned to the project) and a copy should be sent to the Regional Procurement Advisor Office.

This report should include at least:

Recommendations and proposed actions (for the borrower and the Bank),

- a list of the contracts under the project,
- findings on the review of the current social fund capacity,
- findings on the review of signed contracts,
- findings on the review of on-going procurement processes, and
- findings on site visits (if any).

## **4. Guide to Request Information from the Borrower**

The request, to be signed by the Task Team Leader (TTL), should ask that the list be divided into two large groups - contracts being procured and contracts signed. This list should also be divided into sub-groups for community subprojects, and social fund administrations costs. It should include the following:

### **A. Contracts that have been procured**

- **Contracts/financing agreements of community subprojects:**
  - Name and number of the contract; (ii) name of community; (iii) description of activities to be funded; (iv) procurement method (e.g., NCB, small works, CPP),
  - v) date of delivery.



- **Contracts for social fund administration costs:**

- Goods: (i) name and number of contract; (ii) description of goods; (iii) method of procurement (e.g., ICB, NCB, or shopping); (vi) date of delivery; and (vii) subject to Bank prior review? (YES or NO) if YES: date.
- Works: (i) name and number of contract; (ii) description of works; (iii) method of procurement (e.g., ICB, NCB, or three quotations); (vii) date of completion; (viii) subject to Bank prior review? (YES or NO); if YES: date.
- Consultants: (i) name and number of contract; (ii) description of services; (iii) method of selection (e.g., QCBS, QBS, LC, CQ, Sole Source, Individual); (iv) date of completion; and (v) subject to Bank prior review? (YES or NO); if YES: date.

**B. Contracts in the process of being procured**

The list should be divided by type of procurement (**community subprojects and administration costs**). For each type, the list should inform; (i) number of contract; (ii) objective; (iii) method of procurement; (iv) date (or expected date) of bid opening; (v) date (or expected date) of award; and (vi) subject to Bank prior review? (YES or NO), if YES: date.

# ANNEX C: THE WORLD BANK PROCUREMENT FUNCTION<sup>14</sup>

## Decision Authority Matrix

CLIENT-RELATED ACTIVITIES					
<i>Action</i>	<i>Initiates/Executes</i>	<i>Advises</i>	<i>Clears</i>	<i>Approves/ Signs</i>	<i>Appeal Authority</i>
<b>A. Borrower Development/Capacity Building</b>					
Country Procurement Assessments	CD/TTL/Procurement Specialist/Procurement Accredited Staff	PRMPS	Regional Procurement Advisor/LEGOP	CD	RVP
Procurement Reform Plans	CD/Procurement Specialist/Procurement Accredited Staff	OCSPR	Regional Procurement Advisor/LEGOP	CD	RVP
National Standard Documents	CD/PA/Procurement Accredited Staff	OCSPR	Regional Procurement Advisor/LEGOP	CD	RVP
<b>B. Fiduciary Responsibilities - Investment Operations</b>					
<b>Project Preparation</b>					
Implementing Agency Capacity	TTL/Procurement Specialist/Procurement Accredited Staff	LOA/ PRMPS	Regional Procurement Advisor	CD	RVP
Procurement Plan in PCD/PAD	TTL/Procurement Specialist/Procurement Accredited Staff	LOA	Regional Procurement Advisor/LEG	CD	RVP
Procurement Schedule in Loan Agreement	TTL/Procurement Specialist/Procurement Accredited Staff/CL	LOA	Regional Procurement Advisor/LEG	CD	RVP
PPF/Grant/TF Agreements	TTL/Procurement Specialist/Procurement Accredited Staff	CL	Regional Procurement Advisor/LEG	CD	RVP

<sup>14</sup> Information obtained from the document "Staff Review and Clearance Responsibilities for World Bank- Financed Procurement"

**Decision Authority Matrix (continued)**

<b>CLIENT-RELATED ACTIVITIES</b>					
<i>Action</i>	<i>Initiates/Executes</i>	<i>Advises</i>	<i>Clears</i>	<i>Approves/ Signs</i>	<i>Appeal Authority</i>
Prior Review Thresholds	TTL/Procurement Specialist/Procurement Accredited Staff	SM	Regional Procurement Advisor/LEG	CD	RVP
<b>Supervision</b>					
<b><u>Document Prior Reviews 1</u></b>					
Below Regional Procurement Advisor Threshold	TTL	Regional Procurement Advisor	Procurement Specialist/Procurement Accredited Staff	TTL	RVP
Regional Procurement Advisor Threshold and above (see Annex C)	TTL		Regional Procurement Advisor/LEGOP	TTL	RVP
<b><u>Decision Prior Reviews 2</u></b>					
Below Regional Procurement Advisor Threshold	TTL	Regional Procurement Advisor	PA/Procurement Accredited Staff	TTL	RVP
Between Regional Procurement Advisor and OPRC Thresholds	TTL/Procurement Specialist/Procurement Accredited Staff		Regional Procurement Advisor/LEGOP	TTL	RVP
Above OPRC Thresholds (see Annex C)	TTL/Procurement Specialist/Procurement Accredited Staff		OPRC	TTL	President
<b><u>Sole Source Hiring of Consultants</u></b>					
Below \$ 200,000	TTL	Regional Procurement Advisor	Procurement Specialist/Procurement Accredited Staff	TTL	Regional Procurement Advisor

**Decision Authority Matrix (continued)**

<b>CLIENT-RELATED ACTIVITIES</b>					
<i>Action</i>	<i>Initiates/Executes</i>	<i>Advises</i>	<i>Clears</i>	<i>Approves/ Signs</i>	<i>Appeal Authority</i>
Between \$200,000 and \$5 million	TTL/Procurement Specialist/Procurement Accredited Staff		Regional Procurement Advisor/LEGOP	TTL	RVP
\$5 million and above	TTL/Procurement Specialist/Procurement Accredited Staff		OPRC	TTL	MDO
<b>Hiring Individual Consultants</b>					
Below \$50,000	TTL	Regional Procurement Advisor	Procurement Specialist/Procurement Accredited Staff	TTL	RVP
At and above \$50,000	TTL	Regional Procurement Advisor	Regional Procurement Advisor/LEGOP	TTL	RVP
Post-Reviews and Procurement Audits	TTL/CD	Regional Procurement Advisor/OCSPP	Procurement Specialist/Procurement Accredited Staff	TTL	RVP
<b>Approve rebidding/negotiation with the lowest bidder</b>					
Below OPRC review threshold	TTL/Procurement Specialist/Procurement Accredited Staff	LEGOP	Regional Procurement Advisor	TTL	CD
OPRC review threshold and above (see Annex C)	TTL/PA/Procurement Accredited Staff		OPRC	TTL	RVP
<b>Contract Amendments</b>					
Amendments not subject to Regional Procurement Advisor mandatory Review	TTL	Regional Procurement Advisor/LEGOP	Procurement Specialist/Procurement Accredited Staff	TTL	CD

**Decision Authority Matrix (continued)**

<b>CLIENT-RELATED ACTIVITIES</b>					
<i>Action</i>	<i>Initiates/Executes</i>	<i>Advises</i>	<i>Clears</i>	<i>Approves/ Signs</i>	<i>Appeal Authority</i>
Amendments subject to Regional Procurement Advisor mandatory review	TTL/Procurement Specialist/Procurement Accredited Staff	LEGOP	Regional Procurement Advisor	TTL	RVP
Waiver/Amendments to Legal Agreements	TTL/Procurement Specialist/Procurement Accredited Staff		Regional Procurement Advisor/LEGOP	TTL	RVP
<b>Misprocurement</b>					
With Cancellation	TTL/Procurement Specialist/Procurement Accredited Staff	CL	Regional Procurement Advisor/LEGOP	CD	RVP
Without Cancellation	TTL/Procurement Specialist/Procurement Accredited Staff	CL/LEGOP	Regional Procurement Advisor/CD	RVP	MDO
Response to Complaints					RVP
From Bidders, EDs, Governments	TTL/Procurement Specialist/Procurement Accredited Staff	CL	Regional Procurement Advisor/LEGOP	CD/TTL	MDO
On Legal Grounds, received by General Counsel	LEGOP	Regional Procurement Advisor/CL	GC	GC	President
1. Procurement Notices, Bid Documents, Prequalification Documents, Consultant RFP Packages, Contracts. All selection of consultants and Terms of Reference for legal work are cleared by LEG.					
2. Pre-qualification lists, Consultant Short List, Consultant Selection, Supplier/Contractor Selection, Contracts.					

### **Contracts Subject to Mandatory Prior Review by the RPAs and by the OPRC**

The following table shows the contracts that are subject to mandatory (prior) review by the RPAs. Contracts with an estimated cost as shown or higher (in US\$ equivalent):

<b>Type of Procurement</b>	<b>Contract Estimated Cost (In US\$ Million Equivalent)</b>
Works	15.0
Goods	7.5
Services (other than consultants)	2.0
Consultant Services	2.0
Justification for single-source contracting of consultants	0.2

These are ceilings that cannot be exceeded by the Regions. However, RPAs may decide to reduce these figures in their Regions or for specific countries when special circumstances require a more intense review by the Regional Procurement Advisor. When such reductions are established, OCSPR and LEGOP are informed.

Evaluation reports for contracts with an estimated cost, as indicated below or above, are subject to prior review by the OPRC.

<b>Type of Procurement</b>	<b>Contract Estimated Cost (In US\$ Million Equivalent)</b>
Works, Goods, and Services	25.0
Consultant Services	10.0
Justification for Single Source Contracting of Consultants	5.0

**ANNEX D: DOCUMENTS USED IN THIS STUDY**

Region	Country	Project Name	Procurement Audit	Expost Review	Supervision Mission with relevant procurement information	Supervision Mission without relevant procurement information	PAD SAR	LA DCA	PC A
<b>LAC</b>	Bolivia	Emergency Social Fund II		1			1	1	1
		Social Investment Fund II			2		1	1	
	Guatemala	Reconstruction and Local Dev. Project		1		1	1	1	
		Social Investment Fund II		1			1	1	
	Jamaica	Social Investment Fund			1	1	1	1	
	Nicaragua	FISE III	1*				1	1	
	Perú	Social Development Fund		1					
		FONCODES II	1				1	1	
	Panamá	FES			2	1	1	1	
<b>AFR</b>	Angola	Social Action Project			2	5	1	1	
	Eritrea	Community Fund		2	3	2	1	1	
	Malawi	Social Action Fund	1				1	1	
	Zambia	Social Recovery Project					1	1	
		Social Recovery Project II	1			4	1	1	
	Zimbabwe	Community Action Program			3		1	1	
<b>ECA</b>	Armenia	Social Investment Fund	2		1		1	1	
		Social Investment Fund (SIF II)					1	1	1
	Bosnia - Herzegovina	Emergency Public Works and Employment Project	2					1	
	Bulgaria	Bulgaria Regional Initiative Fund		1					
	Tajikistan	Pilot Poverty Alleviation Project					1	1	1

Region	Country	Project Name	Procurement Audit	Expost Review	Supervision Mission with relevant procurement information	Supervision Mission without relevant procurement information	PAD SAR	LA DCA	PC A
MNA	Algeria	Social Safety Net					1	1	1
	Egypt	Social Fund II					1		
		Social Fund III					1	1	1
	Yemen	Social Fund for Development II		1			1	1	
EAP	Thailand	Social Investment Fund		1			1	1	
<b>TOTAL</b>			8	9	14	14	22	21	5

\* Final Draft.



# ANNEX E: LIST OF TASK TEAM AND BANK PROCUREMENT EXPERTS INTERVIEWED

NAME	TITLE	SOCIAL FUND
Araujo, Armando	LAC RPA	
Benavides, Livia	TTL	Perú FONCODES II
Bezhanyan, Anush	TTL	Moldolba Social Investment Fund
Bhattacharya, Sunil	ECA RPA	
De Silva, Samantha	Operations Officer, (HDNSP)	
El Gamal, Yasser	Operations Officer	Yemen Social fund for Development II
Forster, Sarah	TTL	Bosnia - Herzegovina Emergency Public Works and Employment Project
Frigenti, Laura	TTL	Angola Social Action Project Eritrea Community Fund Zambia Social Recovery Project II Zimbabwe Community Action Program
Giraldo, Maria Lucy	Procurement Specialist LAC	
Gopal, Gita	TTL	Zambia Social Recovery Project
Jorgensen, Steen Lau	Director, Social Development	
Lindert, Kathy	TTL	Panama FES.
Mascarell, Caroline	TTL	Armenia Social Investment Fund Social Investment Fund (SIF II)
Naqvi, Maniza	TTL	Tajikistan Pilot Poverty Alleviation Project
Newman, John	TTL	Bolivia Social Investment Fund II
Pojarski, Peter	TTL	Bulgaria Bulgaria Regional Initiative Fund
Raoul, Jean-Jacques	Manager Procurement Policy and Service Group	
Sefta, Nadjib	AFR RPA	
Smith, Graham R.	TTL	Bolivia Emergency Social fund
Steel, David J.	TTL	Algeria Social Safety Net. Egypt Social fund II & III.
Tovo, Maurizia	TTL	Guatemala Reconstruction and Local Development Project Social Investment Fund II
Vermehren, Andrea	TTL	Nicaragua FISE III
Viyachka, Antonia	Procurement Analyst ECA	

## **ANNEX F: LIST OF REFERENCE DOCUMENTS REGARDING COMMUNITY PARTICIPATION IN PROCUREMENT**

- De Silva, Samantha. "Community-based Contracting: A Review of Stakeholder Experience". The World Bank (January 2000).
- Gopal, Gita and Alexandre Marc. "World Bank-Financed Projects with Community Participation: Procurement and Disbursement Issues". World Bank Discussion Paper # 265, Africa Technical Department Series (November 1994).
- Gopal, Gita. "Procurement and Disbursement Manual for Projects With Community Participation". World Bank Discussion Paper # 312, Africa Technical Department Series (November 1995).
- Mbungu, Mbuba. "Procurement and Financial Procedures Manual For Use By Community-Based Organizations". The World Bank (June 1999).
- Turtiainen, T. (Chair), A. Ayoung, S. Boubacar, P. De Blas, R. Desclaux, P. Dubois, J. Hall, and J. Lewis (Portfolio Improvement Working Group, Africa Region). "Guidelines for Simplified Procurement and Disbursement for Community- Based Investments". The World Bank (February 1998).

## **SUMMARY FINDINGS**

This paper reviews the procurement audits and ex-post reviews that have been conducted in social funds around the globe. It should serve as guide for Task Team Leaders and allow them to learn from the procurement experiences of other social funds. It also provides a guide to the various instruments available to the team to plan and manage the procurement process during the social fund project cycle. Finally, conclusions and recommendations in the area of procurement practices and procedures used in social funds are provided.

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### **Summary Findings**

This paper reviews the procurement audits and ex-post reviews that have been conducted in social funds around the globe. It should serve as guide for Task Team Leaders and allow them to learn from the procurement experiences of other social funds. It also provides a guide to the various instruments available to the team to plan and manage the procurement process during the social fund project cycle. Finally, conclusions and recommendations in the area of procurement practices and procedures used in social funds are provided.

**HUMAN DEVELOPMENT NETWORK**

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